

II. Remarks

Reconsideration and allowance of the subject application is respectfully requested.

Claims 35-47 are pending in the application.

Claims 35 and 41 are independent.

Applicant has amended claims 35-47 to replace "tokens" with "digital token" throughout and overcome the objection that there is insufficient antecedent basis for "tokens" in claims 36-40 and 45-47.

Claims 41-43 were objected to as having insufficient antecedent basis for the limitation "second party". This objection is respectfully traversed, as claim 41 refers to a "communication between the user and a second party" and thereafter refers to "the second party". Claims 42-43 depend from claim 41.

Claim 47 was objected to as having insufficient antecedent basis for the limitation "third party". Claim 41 has been amended to refer to "a third party" in line 2. Claim 47 depends from claim 41 and claim 41 provides a sufficient antecedent basis for "third party".

Claims 41-47 were objected to as being indefinite as a consequence of the use of the phrase "and/or" in claim 41. Claim 41 has been amended to remove the phrase "and/or".

Claims 35-40 were objected to as being indefinite as a consequence of the use of the ambiguous phrase "where the user uses a service, in the user's possession, by the user" in claim 35. Claim 35 had been amended to replace "where the user uses a service, in the user's possession, by the user" with "when the user uses the service provided by the third party".

Claims 35-40 were objected to as failing to comply with the written description requirement due to the use of the phrase "buyer's database" in claim 35. The claim has been amended to replace "buyer's database" with "user's tokens database".

Claims 35-37 and 41-45 were objected to as being anticipated by US Patent 6,236,981 entitled "Transaction System", invented by Hill (hereinafter "Hill"), for the

reasons detailed at pages 4-6 of the Office Action. Claims 38-40 and 46 were rejected as being obvious, in view of Subscriber Computing inc. Installs Real-Time Information System Suite for Douglas Telecommunications Inc, November 19, 1997. (hereinafter "Subscriber") combined with Hill, for the reasons detailed at pages 6-8 of the Office Action. Applicant respectfully traverse all art rejections.

The propriety of Subscriber as a prior art document is respectfully challenged. The priority claimed by the applicant is Israeli application no 122263, filed November 20, 1997, in Israel. The apparent publication date of Subscriber is November 19, 1997 at 11:41, Pacific time. It is respectfully submitted, that on its face, Subscriber was published, to the extent it was published at all, after the applicant's priority application was filed.

Hill discloses a system wherein tokens are issued to a user by a payment server. The user then utilizes the tokens to make purchases from a merchant by transferring the token to the merchant. The merchant sends the token to the payment server for authentication and receives back from the payment server an authentication message [Abstract, C2 18-40]. Hill specifically contemplates that

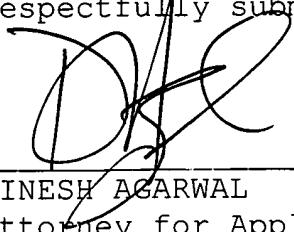
there is communication between the merchant and the payment server to authenticate the token.

In the present invention, there is no communication between the third party (merchant) and the digital tokens issuer (payment server). Claim 35 includes the limitation "while the third party is not part of the communication". Claim 41 has the same limitation. It is respectfully submitted that this is a significant differentiation between the teaching of Hill and the present invention. As all of the claims depend from either claim 35 or 41, it is respectfully submitted that none of the claims are neither anticipated by Hill, nor rendered obvious by Subscriber, if Subscriber is properly prior art, in view of Hill.

In view of the above amendments and remarks, it is believed that this application is now in condition for allowance, and a Notice thereof is respectfully requested.

Applicants' undersigned attorney may be reached at 703.642.9400. All correspondence should continue to be directed to our address given below.

Respectfully submitted,



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